Sino Hotels (Holdings) Limited

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 1221)

CHAIRMAN'S STATEMENT

I am pleased to present the 2014/2015 Annual Report to shareholders.

FINAL RESULTS

The Group achieved net profit attributable to shareholders of HK$204.0 million for the financial year ended 30th June, 2015 (2013/2014 : HK$234.5 million). Earnings per share for the financial year 2014/2015 was 20.87 cents (2013/2014 : 24.62 cents).

DIVIDENDS

The Directors have resolved to recommend a final dividend of 4 cents per share in respect of the year ended 30th June, 2015 to shareholders whose names appear on the Register of Members of the Company on 30th October, 2015. Together with the interim dividend of 4 cents per share, the total dividend for financial year 2014/2015 is 8 cents per share.

The Directors propose that shareholders be given the option of electing to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 23rd October, 2015; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for the scrip dividend on or about 5th November, 2015. It is expected that the final dividend warrants and share certificates will be despatched to shareholders on or about 3rd December, 2015.

REVIEW OF OPERATIONS

According to the statistics released by Hong Kong Tourism Board, visitor arrivals to Hong Kong reached 61.6 million for the year ended 30th June, 2015, an increase of 7.3% compared to the corresponding period last year. Visitors from China accounted for 78.3% of the total visitors and visitors who stayed overnight in Hong Kong (“Overnight Arrivals”) increased 1.3%. Despite a continuous growth in visitor arrivals and Overnight Arrivals, the pace of growth has slowed compared to previous years. This together with the strengthening of US$ against other currencies, keen competition in room rates and an increase in supply of hotel rooms in Hong Kong has made it more challenging for the hotel industry. However, the Group will continue to adopt a proactive approach to optimise earnings.

Business Activities

City Garden Hotel

City Garden Hotel is a wholly-owned subsidiary of the Group.

The average room occupancy rate of City Garden Hotel for the financial year ended 30th June, 2015 was 91.5% compared with 93.2% for the last financial year and the average room rate was lower compared with that of last financial year. Room sales for the financial year decreased 10.2% to HK$194.6 million from HK$216.6 million for the last financial year. Food and beverage sales for the financial year increased to HK$86.5 million compared with HK$80.0 million for the last financial year.

Conrad Hong Kong

Conrad Hong Kong is 50% owned by the Group and 30% owned by Sino Land Company Limited (Hong Kong stock code : 0083) and collectively own a total of 80% equity interest in Conrad Hong Kong.

The average room occupancy of Conrad Hong Kong for the financial year ended 30th June, 2015 was 83.3% compared with 83.5% for the last financial year and the average room rate decreased 4.5% compared with that of last financial year. Room sales were HK$425.9 million which was 4.7% lower than HK$446.9 million for the last financial year, while income from food and beverage sales for the financial year was HK$332.0 million, representing a slight decrease of 1.3% from HK$336.4 million for the last financial year.

The Royal Pacific Hotel & Towers

The Royal Pacific Hotel & Towers is 25% owned by the Group and the remaining 75% interest is owned by a private company, wholly owned by the Ng family, the controlling shareholder of Sino Hotels (Holdings) Limited.

The average occupancy rate of The Royal Pacific Hotel & Towers for the financial year ended 30th June, 2015 was 94.2% (2013/2014 : 94.5%) and the average room rate decreased 7.3%. Room sales totalled HK$316.9 million, representing a decrease of 7.5% when compared with HK$342.6 million for the last financial year. Revenue from food and beverage sales for the financial year was HK$96.5 million, a decrease of 6.9% from HK$103.7 million for the last financial year.

Other than that mentioned above, there was no material change from the information published in the report and accounts for the year ended 30th June, 2014.

Finance

As at 30th June, 2015, the Group had cash and bank deposits of HK$673.3 million and had no debt outstanding.

There was no material change in the capital structure of the Group for the financial year. Foreign exchange exposure is kept at a low level. As at 30th June, 2015, the Group did not have any contingent liabilities.

Other than the above-mentioned, there was no material change from the information published in the report and accounts for the financial year ended 30th June, 2014.

EMPLOYEE PROGRAMMES

The hospitality industry is all about providing service to guests from different countries around the world. Frontline employees play an important role in serving customers and running daily operations of the hotels with the right service standard and work attitude so that they can meet the hotel guests' expectations. Therefore, it is vital for the Group to allocate adequate resources to train and groom the staff so that they can deliver the required standard of service and ensure that our hotel guests have enjoyable and pleasant stays so as to upkeep the image and branding of the Group.

The Group places a strong emphasis on investing in human capital through continuous training, staff sharing of knowledge and experience, job rotation and promotion. Language classes, technical and soft skills training are provided to staff to improve their communication skills, productivity, efficiency and team work. The Group also offers a Manager Development Programme to provide additional training to staff with good potential so that they can further develop and strengthen their leadership and management skills to take on more senior positions. Job rotation is also important as it gives our staff the opportunity to understand different operations of the Group to broaden their horizon and as part of the succession planning within the Group. Internal transfer and promotion within the hotel and across hotels within the Group are encouraged to retain talent and maintain our competitive edge in the employment market. The Group also runs a Management Trainee Programme which has proven to be successful in attracting high quality individuals.

CORPORATE SOCIAL RESPONSIBILITY

The Group continues to embrace Corporate Social Responsibility practices by upholding good corporate governance standards, protecting the environment, engagement in community services, promoting social integration and conserving cultural heritage.

Environmental Management

The Group recognises that business objectives can best be optimised by adopting practices that are sustainable to environment. In respect of environmental protection, the Group aims to reduce its ecological footprint by improving the efficiency of energy and water consumption as well as reducing wastage by partnering with internal and external stakeholders, including our employees, customers, suppliers, government and non-government organisations to help identify the areas where further improvement can be made.

Community Engagement

In respect of community services, the Group has been active in serving the community by utilising its own resources and encouraging its staff to participate in charitable events or voluntary services for the underprivileged and needy. One of these programmes include "Hearty Soup Delivery Programme" in which soup is delivered to the elderly people in the community service centres on a regular basis. The Group also runs a "Food Donation Programme" in partnership with other charitable organisations such as Foodlink Foundation and Food Angel to deliver cooked food to underprivileged families on a weekly basis.

Tai O Heritage Hotel

In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, set up a non-profit-making organisation, Hong Kong Heritage Conservation Foundation Limited ("HCF"). HCF revitalised and converted the Old Tai O Police Station, a Grade II historic building, into a boutique hotel. Named Tai O Heritage Hotel ("Hotel"), it is home to nine colonial-style rooms and suites and commenced operation in March 2012. The Hotel, operated by HCF as a non-profit-making social enterprise, is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. To raise public awareness on the importance of conserving heritage buildings, daily guided tours are conducted for the public to visit the Hotel. HCF is an award winner at UNESCO Asia-Pacific 2013 Awards for Cultural Heritage Conservation. In November 2014, HCF has been honoured by the American Institute of Architects Hong Kong Chapter with a Citation Award, in recognition of its contributions to heritage conservation in Hong Kong.

INDUSTRY OUTLOOK AND PROSPECTS

World tourism is a very competitive industry. Countries around the world have been stepping up their efforts to attract tourists like simplifying their visa application process and tax refund procedures. Some countries have also launched active marketing campaigns to attract more travellers. All visitors have a choice of travel destinations.

In March 2015, the first edition of written framework of Silk Road Economic Belt and the 21st-Century Maritime Silk Road also known as "One Belt One Road" was published which will foster economic ties, tourism and business travels across Asia, Africa and Europe. As there is a big diversity in culture, livelihood, cuisines and arts in these countries, opportunities for tourism, business travel and multi-destination travel will increase. The establishment of the Asian Infrastructure Investment Bank in October 2014 with the objective to finance infrastructure needs in Asia, will provide financial support to facilitate the development of the One Belt One Road. In June this year, the 7th UNWTO International Meeting on Silk Road Tourism was held in Xi'an in China and was attended by over 25 member countries. This joint conference provided an important forum to debate opportunities for closer tourism co-operation and developing tourism along the Silk Road. All this will be positive for the further development of Hong Kong tourism in the coming years.

The Group attaches significant importance to market positioning and branding. To accomplish these objectives, regular upgrade of hotel facilities and renovation is carried out where necessary. During the financial year 2014/2015, both City Garden Hotel and Royal Pacific Hotel have carried out works to upgrade the facilities in some of their guest rooms. The Group will continuously review and improve the quality of the service to meet the needs of customers and ensure our discerning guests have enjoyable stays in our hotels.

STAFF AND MANAGEMENT

Mr. Nicholas Yim Kwok Ming, who served the Board since 1st July, 2008, resigned effective 13th April, 2015. His valuable contribution during his directorship with the Company is appreciated.

On behalf of the Board, I take this opportunity to express my sincere appreciation to all staff for their commitment, dedication and continuing support. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

Robert NG Chee Siong
Chairman

Hong Kong, 26th August, 2015

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FINAL RESULTS

The audited results of the Group for the year ended 30th June, 2015 are as follows:

Consolidated Statement of Profit or Loss

	Notes	**2015 HK$**	2014 HK$
Revenue	*2*	**317,383,507**	328,911,440
Direct expenses		**(108,647,440)**	(102,216,116)
Gross profit		**208,736,067**	226,695,324
Gain on disposal of available-for-sale financial assets		**754,691**	-
Other expenses		**(85,418,037)**	(82,821,559)
Marketing costs		**(11,058,226)**	(11,872,076)
Administrative expenses		**(30,047,342)**	(27,243,040)
Finance income		**6,790,530**	3,553,057
Finance costs		**(5,671)**	(13,579)
Finance income, net		**6,784,859**	3,539,478
Share of results of associates		**130,229,202**	146,246,806
Profit before taxation	*3*	**219,981,214**	254,544,933
Income tax expense	*4*	**(16,016,491)**	(20,030,192)
Profit for the year attributable to the Company's shareholders		**203,964,723**	234,514,741
Interim dividend at HK4.0 cents *(2014: HK4.0 cents)* per share		**39,209,860**	38,027,438
Proposed final dividend at HK4.0 cents *(2014: HK4.0 cents)* per share		**39,833,370**	38,596,877
Earnings per share – basic	*5*	**20.87 cents**	24.62 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30th June, 2015

	2015 HK$	2014 HK$
Profit for the year	**203,964,723**	234,514,741
Other comprehensive income (expense)		
Item that may not be subsequently reclassified to profit or loss:		
Reclassification adjustments upon disposal of available-for-sale financial assets	**3,165,098**	-
Item that may be subsequently reclassified to profit or loss:		
Loss on fair value changes of available-for-sale financial assets	**(16,357,846)**	(89,427,829)
Other comprehensive expense for the year	**(13,192,748)**	(89,427,829)
Total comprehensive income for the year attributable to the Company's shareholders	**190,771,975**	145,086,912

Consolidated Statement of Financial Position
At 30th June, 2015

	Notes	**2015 HK$**	2014 HK$
Non-current assets			
Property, plant and equipment		**1,390,299,317**	1,411,790,224
Interests in associates		**1,302,588,048**	1,308,681,846
Available-for-sale financial assets		**621,601,918**	633,411,582
		3,314,489,283	3,353,883,652
Current assets			
Hotel inventories		**563,806**	542,610
Trade and other receivables	*6*	**15,539,461**	13,153,673
Amounts due from associates		**62,025,977**	88,993,493
Bank balances and cash		**673,307,471**	428,631,752
		751,436,715	531,321,528
Current liabilities			
Trade and other payables	*7*	**21,540,794**	22,908,243
Amount due to an associate		**1,246,376**	1,604,468
Taxation payable		**14,085,740**	19,903,595
		36,872,910	44,416,306
Net current assets		**714,563,805**	486,905,222
Total assets less current liabilities		**4,029,053,088**	3,840,788,874
Capital and reserves			
Share capital		**995,834,245**	964,921,928
Reserves		**3,026,792,157**	2,869,182,898
Equity attributable to the Company’s shareholders		**4,022,626,402**	3,834,104,826
Non-current liability			
Deferred taxation		**6,426,686**	6,684,048
		4,029,053,088	3,840,788,874

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

In the current year, the Company and its subsidiaries (collectively referred to as "Group") have applied the following amendments to standards issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Segment information

The following is an analysis of the Group's revenue and results by reportable and operating segment for the years:

	Segment revenue		Segment results	
	2015	2014	**2015**	2014
	HK$	HK$	**HK$**	HK$
Hotel operation – City Garden Hotel	**284,608,056**	300,373,755	**121,901,255**	141,116,127
Investment holding	**12,905,263**	9,776,572	**13,657,872**	9,775,835
Hotel operation – share of results of associates	**-**	-	**256,903,868**	282,327,631
Others – club operation and hotel management	**19,870,188**	18,761,113	**2,708,522**	3,190,186
	317,383,507	328,911,440		
Total segment results			**395,171,517**	436,409,779
Administrative and other expenses			**(55,300,496)**	(49,323,499)
Finance income, net			**6,784,859**	3,539,478
Share of results of associates				
- administrative and other expenses			**(100,626,399)**	(106,467,954)
- finance income			**654,421**	540,893
- income tax expense			**(26,702,688)**	(30,153,764)
			(126,674,666)	(136,080,825)
Profit before taxation			**219,981,214**	254,544,933

All of the segment revenue reported above are from external customers. There was no inter-segment revenue for both years.

Segment results represent the profit earned by each segment without allocation of certain administrative and other expenses and finance costs net of finance income. The segment results of hotel operation operated through investments in associates includes revenue and direct expenses without allocation of associates' administrative and other expenses, finance income and income tax expense of the associates. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

Geographical information

All of the activities of the Group are based in Hong Kong and all of the Group's revenue and contribution to profit for the year are derived from Hong Kong. All the assets of the Group are located in Hong Kong.

3. Profit before taxation

	2015	2014
	HK$	HK$
Profit before taxation has been arrived at after charging (crediting):		
Cost of hotel inventories consumed (included in direct expenses)	**28,409,449**	25,956,326
Depreciation and amortisation of property, plant and equipment (included in other expenses)	**43,468,323**	40,446,336
(Gain) loss on disposal of property, plant and equipment	**(8,909)**	4,416

4. Income tax expense

	2015	2014
	HK$	HK$
Income tax expense (credit) comprises:		
Hong Kong Profits Tax calculated at 16.5% *(2014: 16.5%)* on the estimated assessable profit		
Current year	**16,328,776**	20,090,943
Overprovision in prior year	**(54,923)**	(60,000)
Dividend withholding tax	**-**	93,811
	16,273,853	20,124,754
Deferred tax		
Current year	**(257,362)**	(94,562)
	16,016,491	20,030,192

5. Earnings per share - basic

The calculation of the basic earnings per share is based on the profit for the year of HK$203,964,723 *(2014: HK$234,514,741)* and on the weighted average number of 977,240,710 *(2014: 952,690,781)* shares in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares in both years.

6. Trade and other receivables

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables. The general credit term is from 30 days to 45 days.

The following is an analysis of trade receivables by age based on the invoice dates at the end of the reporting period:

	2015	2014
	HK$	HK$
Trade receivables		
0-30 days	**5,204,088**	6,293,623
31-60 days	**544,503**	202,299
61-90 days	**28,805**	32,162
> 90 days	**58,299**	35,461
	5,835,695	6,563,545
Other receivables	**9,703,766**	6,590,128
	15,539,461	13,153,673

7. Trade and other payables

The following is an analysis of trade payables by age based on the invoice dates at the end of the reporting period:

	2015	2014
	HK$	HK$
Trade payables within 30 days	**7,104,468**	8,483,902
Other payables	**14,436,326**	14,424,341
	21,540,794	22,908,243

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Friday, 23rd October, 2015, the register of members of the Company will be closed from Tuesday, 20th October, 2015 to Friday, 23rd October, 2015, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Principal Registrars, Tricor Friendly Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19th October, 2015.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for the proposed final dividend is at the close of business on Friday, 30th October, 2015. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 29th October, 2015 to Friday, 30th October, 2015, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Principal Registrars, Tricor Friendly Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 28th October, 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted its own Corporate Governance Code and has complied with all the code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that there was no separation of the roles of the chairman and the chief executive officer, both of the roles are currently undertaken by the Chairman of the Board.

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board has found that the current arrangement has worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the four Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with the industry practices.

REVIEW OF AUDITED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the year ended 30th June, 2015 have been reviewed by the audit committee of the Company.

2015 ANNUAL REPORT

The 2015 annual report containing all the information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited and the Company's website www.sino.com while printed copies will be sent to shareholders on or about Friday, 18th September, 2015.

By Order of the Board
Velencia LEE
Company Secretary

Hong Kong, 26th August, 2015

As at the date hereof, the Executive Directors of the Company are Mr. Robert Ng Chee Siong, Mr. Daryl Ng Win Kong and Mr. Giovanni Viterale, the Non-Executive Directors are The Honourable Ronald Joseph Arculli and Mr. Gilbert Lui Wing Kwong, and the Independent Non-Executive Directors are Mr. Peter Wong Man Kong, Mr. Adrian David Li Man-kiu, Mr. Steven Ong Kay Eng and Mr. Wong Cho Bau.